

Message Text

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ACTION ARA-10

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R 281530Z APR 75

FM AMCONSUL MATAMOROS

TO SECSTATE WASHDC 081

INFO AMEMBASSY MEXICO

AMCONSUL CIUDAD JUAREZ

AMCONSUL MONTERREY

AMCONSUL NUEVO LAREDO

AMCONSUL TIJUANA

UNCLAS MATAMOROS 0016

E.O. 11652: N/A

TAGS: CGEN/MX AND ELTN/MX

SUBJECT: IMPOUNDMENT OF HERTZ RENTAL VEHICLE IN MEXICO

MEXICO FOR COMMERCIAL ATTACHE AND CCS.

1. MANAGER OF HERTZ RENTAL AGENCY IN MCALLEN, TEXAS TELEPHONED CONSULATE APRIL 23 TO REPORT THAT ONE OF HIS VEHICLES, PROPERLY DOCUMENTED AND LEASED TO A MEXICAN CITIZEN, WAS DETAINED BY MEXICAN FEDERAL AUTOMOBILE AUTHORITIES IN REYNOSA, MEXICO EARLIER IN THE DAY. PRECISE REASON UNCLEAR, HE STATED, BUT WAS ADVISED THAT AUTOMOBILE WOULD BE RETURNED TO HERTZ ONLY ON PAYMENT FINE OF 20 PERCENT OF MEXICAN VALUATION OF THE VEHICLE -- IN THIS CASE, U.S.2500.00. (CAR HAD BEEN LEASED A DAY EARLIER BY A MEXICAN BUS DRIVER FOR PRIVATE EXCURSION IN THE BORDER AREA.)

2. CONSULATE CONTACTED CHIEF OF REGISTRO FEDERAL DE AUTOMOVILES IN REYNOSA WHO EXPLAINED THAT WHILE VEHICLE WAS PROPERLY RENTED WITHIN U.S., MEXICAN LAW REQUIRES MEXICAN CITIZENS WHO WISH TO LEASE VEHICLES FOR USE WITHIN MEXICO TO DO SO UTILIZING A MEXICANIZED FIRM. LAW, HE ADDED, APPLIES TO MEXICAN CITIZENS OR FOREIGN NATIONALS WHO ARE RESIDENT IN MEXICO; RESIDENTS OF U.S., WHETHER CITIZENS OR LEGAL ALIENS, NOT SUBJECT TO THE STATUTE. OFFICIAL GAVE AS APPLICABLE STATUTE "ARTICULOS 43, UNCLASSIFIED

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44, LEY FEDERAL DE REGISTRO DE AUTOMOVILES," WHICH HE STATED WAS

INCORPORATED AS A SPECIFIC MEANS OF PROTECTING LEGITIMATE MEXICAN BUSINESS INTERESTS IN THE CAR RENTAL FIELD.

3. FOLLOWING CONSULATE INQUIRY, MEXICAN OFFICIAL APPARENTLY SOFTENED HIS STAND SOMEWHAT IN INTERPRETING THE CASE CITED ABOVE, SINCE ON APRIL 24 HE INFORMED HERTZ REP/MCALLEN THAT ON THE ADVICE OF MEXICO CITY SUPERIORS HE WOULD CONSIDER THIS INSTANCE A "FIRST TIME VIOLATION" AND REQUIRE ONLY A MODERATE FINE OF U.S.80.00 PROVIDED U.S. CONSULATE FORWARDED TO HIS OFFICE A STATEMENT CONFIRMING AGENCY'S IGNORANCE OF THE LAW.

4. CITED STATUTE IS AN ALL-ENCOMPASSING LAW PUBLISHED JUNE 14, 1966 IN MEXICAN DIARIO OFFICIAL IN MOVE TO CRACK DOWN ON THOSE INDIVIDUALS RESIDENT IN MEXICO (AND ESPECIALLY ALONG FRONTIER AREAS) WHO ARRANGED LICENSING, REGISTRATION AND DOCUMENTATION OF PRIVATELY-OWNED VEHICLES IN THE UNITED STATES THROUGH FAMILY, FRIENDS AND WHATEVER OTHER MEANS AVAILABLE TO CIRCUMVENT CUSTOMS REQUIREMENTS, TAXES AND OTHER LEVIES IMPOSED BY MEXICAN FEDERAL AND STATE GOVERNMENTS. PERIODIC INSPECTIONS AND OTHER LEGAL DEVICES ARE EMPLOYED FROM TIME TO TIME BY MEXICAN AUTHORITIES TO PUBLICIZE THE ILLEGALITY OF SUCH MANEUVERS AND DISCOURAGE WOULD-BE VIOLATORS, BUT THE PRACTICE CONTINUES.

5. THIS IS THE FIRST INSTANCE IN CONSULATE'S KNOWLEDGE, HOWEVER, THAT THE STATUTE HAS BEEN ENFORCED AGAINST A LEGITIMATELY OPERATED CAR RENTAL FIRM ON THE U.S. SIDE OF THE BORDER. CHIEF REGISTRY OFFICIAL IN MATAMOROS IS AWARE OF THE PROHIBITION, BUT STATES THAT HE WOULD TAKE PUNITIVE ACTION AGAINST LEGITIMATE U.S. RENTAL FIRMS ONLY IN THOSE SPECIFIC CASES WHERE MALA-FIDE INTENT CAN BE ESTABLISHED (I.E. WHERE AN INDIVIDUAL DELIBERATELY ATTEMPTING TO VIOLATE ESTABLISHED MEXICAN CUSTOMS OR FEDERAL REGISTRY REGULATIONS). SUCH AN EXPLANATION IS AMBIGUOUS TO US AND, IN RESPONSE TO THE CONSULATE'S REQUEST, EMBASSY MEXICO CITY COMMUNICATED WITH THE DIRECCION FEDERAL DE AUTOMOVILES IN AN EFFORT TO OBTAIN CLARIFICATION. EMBASSY ADVISES, HOWEVER, THAT RESPONSE TO ITS INQUIRY WAS EQUALLY OBSCURE, AND MERELY CONFIRMED THAT PROVISIONS ARTS. 43 & 44 ARE VALID AND APPLICABLE.

6. WE BELIEVE IT PRUDENT, THEREFORE, TO BRING THE MATTER TO THE ATTENTION OF OTHER MEXICAN BORDER CONSULATES AND U.S. UNCLASSIFIED

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COMMERCIAL INTERESTS AS A NOTE OF CAUTION THAT THIS STATUTE HAS BEEN ON THE BOOKS FOR SEVERAL YEARS NOW, HAS BEEN INVOKED ARBITRARILY IN REYNOSA, AND THAT DECISIONS CONCERNING APPLICATION OF THE LAW ARE APPARENTLY OPEN TO AN INDIVIDUAL FEDERAL INSPECTOR'S OWN INTERPRETATION.

7. COMMENT: CAR AND TRUCK LEASING TO MEXICAN CITIZENS AND CORPORATIONS IS AN IMPORTANT BUSINESS TO U.S.-BASED RENTAL

AGENCIES IN THIS BORDER AREA, AND MANAGEMENT PERSONNEL OF THESE FIRMS HAVE SCRUPULOUSLY ADHERED TO MEXICAN LAW IN THE CONDUCT OF THEIR AFFAIRS TO AVOID ACCUSATIONS OF UNETHICAL PRACTICE OR UNFAIR TACTICS WITH MEXICAN COMPETITION. MANY OF THEIR CONTRACTS ARE LONG-TERM AGREEMENTS TO PROVIDE CARS AND COMMERCIAL VANS, TRUCKS TO MEXICAN-OWNED CORPORATIONS AND BORDER INDUSTRIES WHICH ARE UNABLE TO OBTAIN SIMILAR TRANSPORTATION IN MEXICO-- BECAUSE LEASE VEHICLES ARE IN SHORT SUPPLY WITHIN MEXICO.

THEY NATURALLY WISH TO CONTINUE WITH THE BUSINESS, AND TO THIS END ARE WILLING TO FOLLOW SUCH GUIDELINES AS FEDERAL MEXICAN AUTHORITIES OUTLINE. THEY ARE UNDERSTANDABLY PUZZLED BY THE INCIDENT IN REYNOSA, HOWEVER, AND HOPE (AS WE DO) THAT IT IS MERELY AN ISOLATED INCIDENT. HERTZ MANAGEMENT PLANS TO BRING MATTER TO ATTENTION OF SOUTHWEST REGIONAL MEETING IN NEW ORLEANS ON MAY 2, AND LOCAL HERTZ REP IN MATAMOROS STATES HE HAS ASKED HERTZ MANAGEMENT IN MEXICO CITY TO HAVE MEXICAN REPRESENTATIVE ATTEND MEETING IN EFFORT TO WORK OUT MUTUAL UNDERSTANDING ACCEPTABLE TO INTERESTED PARTIES, AND WHICH WOULD RECEIVE TACIT OR EXPLICIT APPROVAL OF MEXICAN BORDER AUTHORITIES.

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